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REPORT

EAST JEFFERSON GENERAL HOSPITAL

RETIREMENT AND SAVINGS PLAN

DECEMBER 31, 2005 AND 2004

EAST JEFFERSON GENERAL HOSPITAL

RETIREMENT AND SAVINGS PLAN

INDEX TO REPORT

DECEMBER 31, 2005 AND 2004

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR. C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN M. HARGES, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER JR, C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR, C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR, C.P.A.
(1920-1996)
JAMES MAHER, JR, C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT

February 10, 2006

To the Finance Committee
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the accompanying statements of plan net assets of the East Jefferson General Hospital Retirement and Savings Plan as of December 31, 2005 and 2004 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Pension Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the East Jefferson General Hospital Retirement and Savings Plan at December 31, 2005 and 2004 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental schedules listed in the foregoing index to report are presented for the purposes of additional analysis and are not a part of the basic financial statements. Such required supplemental schedules for the years ending December 31, 2000 through December 31, 2005 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2006 on our consideration of the East Jefferson General Hospital Retirement and Savings Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

This discussion and analysis of the financial performance of East Jefferson General Hospital's Savings and Pension Plan provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS – DEFINED BENEFIT RETIREMENT PLAN

The following highlights are explained in greater detail later in this discussion.

- The net assets held in trust for the Defined Benefit Retirement Plan funds decreased by $114,498 during the 2005 fiscal year and totaled $34,719,718 as of December 31, 2005.
- Retirement benefits paid during 2005 increased $40,777 to total $2,244,200.
- Employer contributions to the Plan decreased $1,508,918 during 2005 to total $1,444,309.
- Net appreciation in the fair market value of investments revealed net appreciation of $173,950 compared to net appreciation of $1,138,020 for the prior fiscal year.
- Investment advisory and custodial fees increased $56,163 to total $336,878.

FINANCIAL HIGHLIGHTS –DEFINED CONTRIBUTION SAVINGS PLANS

The following highlights are explained in greater detail later in this discussion.

- The aggregate net assets held in trust for the Defined Contribution Savings Plans increased by $9,870,528 during the 2005 fiscal year and totaled $64,326,812 as of December 31, 2005.
- Net appreciation in fair market value of investments revealed net appreciation of $2,207,413 compared to net appreciation of $3,144,052 for the prior fiscal year.
- Total contributions to the Savings Plans increased by $1,093,084 to total $9,825,405 on December 31, 2005.
- Total withdrawals decreased $729,991 during 2005 bringing withdrawals to $2,592,654.

CHANGES TO THE DEFINED BENEFIT PENSION PLAN

In January of 2005, the Board of Directors adopted a resolution to freeze the Defined Benefit Plan effective April 1st, 2005. This Resolution will have the ongoing effect of reducing the actuarially determined recommended contributions to the plan. In January 2005, the Board of Directors also resolved to restate the Defined Benefit Plan to allow team members having less than five years of service, as of the freeze date, to vest with continued employment.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

DEFINED BENEFIT RETIREMENT PLAN FINANCIAL PERFORMANCE

The net assets held in trust for the Defined Benefit Retirement Plan decreased by $114,498 during the 2005 fiscal year and totaled $34,719,718 as of December 31, 2005.

While the $173,950 fair market value appreciation of plan investments contributed to an increase in net assets during 2005, investment growth has slowed significantly in comparison to the $1,138,020 appreciation reported in 2004. This modest increase was offset by decreases in net assets attributable to a $40,777 increase in retirement benefits paid and a $56,163 net increase in advisory and custodial fees. When combined with the effects of a $1,508,918 decrease in employer contributions, the net assets held in trust decreased $114,498, compared to the $2,508,063 increase reported in 2004.

Four investment advisors manage the investments administered by the Defined Benefit Retirement Plan. The primary investment advisor, Equitas Capital Advisors, LLC, monitors and reports regularly on the performance of three sub-advisors specializing in: Large Cap Equity Value, Large Cap Equity Growth, and Fixed Income/Intermediate Term Bonds. During 2005, the fair market value of investments held by the Defined Benefit Pension Plan revealed a modest net appreciation of $173,950. Equitas Capital Advisors has calculated the net time-weighted rate of return for the plan year ending December 31, 2005 at 2.36%. This is a decrease of 3.42% compared to the 5.78% net time-weighted rate of return reported in 2004 and 1.20% lower than Equitas' Balanced Index benchmark. While the market, in general, provided sluggish returns during 2005, much of the under-performance of the Plan's investments relative to industry benchmarks can be attributed to the –1.46% returns provided by the Plan's Large Cap Equity Growth Manager. Efforts are currently underway to replace this manager and expand the portfolio into international and small to mid-cap equity markets.

Employer contributions to the Plan decreased $1,508,918 to total $1,444,309 at year-end. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2005 Plan Year Actuarial Valuation performed by Milliman. The comparative decrease in the required contribution is primarily attributable to the freezing of the Defined Benefit Plan and the resulting elimination of normal cost from the actuarial contribution calculation. The actuarial valuation for the plan year beginning January 1, 2006, recommends a $1,484,628 contribution to the Pension Trust Fund during 2006.

The Schedule of Contributions – Employer and Other Sources (on page 18) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The schedule of Funding Progress (on page 19) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of the Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

CHANGES TO THE DEFINED CONTRIBUTION SAVINGS PLAN STRUCTURE

In October of 2003, the Board of Directors adopted a Resolution to freeze the post-tax 401(a) Savings Plan in favor of offering pre-tax 403(b), 457(b), and 457(f) defined contribution savings options. The 401(a) Plan was subsequently frozen to new participants effective December 31, 2003. All 401(a) plan provisions relative to vesting and after-tax withdrawals continue to apply. Subsequent contributions including: team member, hospital basic and matching contributions have been re-directed to the pre-tax 403(b) plan. In order to prevent the co-mingling of pre-tax and post-tax contributions, AIG Valic, the savings plan administrator, is administering the 401(a) and 403(b) plans separately.

In January 2005, the Board of Directors resolved to implement basic contribution increases in 0.5% increments for every five years of credited team member service. Effective with the first paycheck in April 2005, plan participants commenced receiving Hospital Basic Contributions according to the following service-weighted table:

Hospital Basic Contribution
Service-Weighted Table

Team Member Service	Base %
Under 5 years	2.0%
5+ - 10 years	2.5%
10+ - 15 years	3.0%
15+ - 20 years	3.5%
20+ - 25 years	4.0%
Over 25 years	5.0%

In May of 2005, the Board of Directors adopted Amendment No. 3 of the 403(b) Retirement Savings Plan to address the new team member status: Full or Part-Time, with no Benefits. Team members electing this status will receive a premium pay increase equal to 18% of their base hourly rate, in lieu of participating in the Hospital-sponsored benefits. The startup of this new status has been slated for RNs and LPNs only.

Also, in May 2005, the Board of Directors approved the 403(b) Retirement Savings Plan and 457(b) Voluntary Retirement Savings Plans Mandatory Distribution Amendments, to reduce the $5,000 Mandatory Distribution threshold to $1,000. The provisions of this Amendment will apply to distributions made on or after March 28, 2005. In the event of a mandatory distribution greater than $1,000 where the Participant does not either elect to have such distribution paid directly to an "eligible retirement plan" specified by the Participant in a direct rollover or receive the distribution directly, AIG Valic, the Plan administrator, shall pay the distribution in a direct rollover to an individual retirement plan designated by AIG Valic.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

Effective January 1, 2004, the hospital also began offering a 457(b) Voluntary Retirement Plan and a 457(f) Executive Retirement Plan. The 457(b) Plan allows team members to contribute on a pre-tax basis (up to the IRS limits). The 457(f) Executive Retirement Plan allows Vice President level and employed physician team members to contribute additional funds on a pre-tax basis with no IRS limits. There are no hospital contributions or costs associated with either plan. The 457(f) Plan is a non-qualified plan and, therefore, a substantial risk of forfeiture in the form of a two-year non-compete agreement must be executed by the participants.

COMBINED DEFINED CONTRIBUTION SAVINGS PLAN FINANCIAL PERFORMANCE

The net assets held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by $9,870,528 during the 2005 fiscal year. Combined contributions of $9,825,405 were the main force behind the increase in Net Assets. Combined Investment Income, net of investment advisory fees, totaled $2,836,840 and served to offset the year's $2,791,717 in withdrawals, benefits paid, and forfeitures.

During 2005, Savings Plan investments reflected a net appreciation in fair market value of $2,207,413. While the appreciation of the fair market value of investments indicates a positive rate of return for 2005, returns have decreased somewhat in comparison to the $3,144,052 net appreciation observed in 2004.

Total Contributions to the Savings Plans increased by $1,093,084 during 2005 to total $9,825,405. Team-member contributions increased by $624,036 and composed 57% of the overall increase. Team-member contributions to the 403(b) plan increased by $398,126 (or 63% of the team-member increase). This corresponds to the addition of 294 new 403(b) plan participants during 2005. The remaining 37%, or $229,005, of the increase in total team member contributions is attributable to increased participation in the pre-tax 457(b) Plan. As participation in the 403(b) plan increased, employer contributions to the 403(b) plan increased as well. When combined with the effect of the April 2005 roll-out of length-of-service based basic contributions, employer contributions to the 403(b) plan increased by $469,048.

EJGH RETIREMENT AND SAVINGS PLANS AS A WHOLE

During the year ended December 31, 2005, East Jefferson General Hospital's combined plan net assets increased $9,756,030, to total $99,046,530. While positive returns on investment were noted, much of the observed growth in plan assets is attributable to employer and team-member contributions. Total contributions for the defined contribution plans increased $1,093,084, to total $9,825,405. Moreover, a $745,207 net decrease in withdrawals from the Plans provided an additional positive effect on year-end combined net plan assets.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Bruce M. Naremore, Senior Vice President and Chief Financial Officer, East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006, (504) 454-4006.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2005 AND 2004

	2005					2004				
	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)
ASSETS										
Receivables and Prepaids:										
Accrued interest and dividends	$ 114,701	$ -	$ -	$ -	$ 114,701	$ 123,825	$ -	$ -	$ -	$ 123,825
Contributions receivable										
Employee	-	-	308,633	92,091	400,724	-	-	-	-	-
Employer	-	-	304,364	-	304,364	-	-	-	-	-
Total receivables	114,701	-	612,997	92,091	819,789	123,825	-	-	-	123,825
Investments, at fair value										
Cash equivalents	2,603,985	-	-	-	2,603,985	3,557,988	-	-	-	3,557,988
U.S. Government and agency issues	6,170,111	-	-	-	6,170,111	5,879,408	-	-	-	5,879,408
Corporate bonds	5,879,973	-	-	-	5,879,973	5,998,441	-	-	-	5,998,441
Equities	19,950,948	-	-	-	19,950,948	19,274,554	-	-	-	19,274,554
AIG Valic	-	45,757,767	15,841,545	2,437,991	64,037,303	-	45,703,560	7,944,538	1,141,753	54,789,851
Total investments	34,605,017	45,757,767	15,841,545	2,437,991	98,642,320	34,710,391	45,703,560	7,944,538	1,141,753	89,500,242
Total assets	34,719,718	45,757,767	16,454,542	2,530,082	99,462,109	34,834,216	45,703,560	7,944,538	1,141,753	89,624,067
LIABILITIES										
Contributions paid in advance due to forfeitures	-	388,974	26,605	-	415,579	-	304,208	29,359	-	333,567
Total liabilities	-	388,974	26,605	-	415,579	-	304,208	29,359	-	333,567
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress for the plan is presented on Page 19)	$ 34,719,718	$ 45,368,793	$ 16,427,937	$ 2,530,082	$ 99,046,530	$ 34,834,216	$ 45,399,352	$ 7,915,179	$ 1,141,753	$ 89,290,500

See accompanying notes.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005					2004				
	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)	Defined Benefit Retirement Plan	401 (a)	Savings Plan 403 (b)	457 (b)	(Total Memorandum Only)
ADDITIONS										
Contributions										
Members	$ -	$ 351	$ 4,682,972	$ 1,308,403	$ 5,991,726	$ -	$ 3,446	$ 4,284,846	$ 1,079,398	$ 5,367,690
Employer	1,444,309	-	3,833,679	-	5,277,988	2,953,227	-	3,364,631	-	6,317,858
Total contributions	1,444,309	351	8,516,651	1,308,403	11,269,714	2,953,227	3,446	7,649,477	1,079,398	11,685,548
Investment income										
Interest	575,968	7,392	1,830		585,190	502,440	32,755	-	-	535,195
Dividends	272,353	375,213	232,646	54,144	934,356	398,514	776,058	65,237	14,065	1,253,874
Net appreciation in fair value of investments	173,950	1,585,707	527,388	94,318	2,381,363	1,138,020	2,786,832	303,474	53,746	4,282,072
	1,022,271	1,968,312	761,864	148,462	3,900,909	2,038,974	3,595,645	368,711	67,811	6,071,141
Less:										
Investment advisory services	231,288	-	-	-	231,288	237,688	-	-	-	237,688
Custodial fees	105,590	34,492	6,037	1,269	147,388	43,027	24,977	1,417	275	69,696
Net investment income	685,393	1,933,820	755,827	147,193	3,522,233	1,758,259	3,570,668	367,294	67,536	5,763,757
Total additions	2,129,702	1,934,171	9,272,478	1,455,596	14,791,947	4,711,486	3,574,114	8,016,771	1,146,934	17,449,305
DEDUCTIONS										
Retirement benefits paid and savings plan withdrawals	2,244,200	1,881,044	644,343	67,267	4,836,854	2,203,423	3,245,231	72,233	5,181	5,526,068
Forfeitures of nonvested contributions	-	83,686	115,377	-	199,063	-	225,697	29,359	-	255,056
Total deductions	2,244,200	1,964,730	759,720	67,267	5,035,917	2,203,423	3,470,928	101,592	5,181	5,781,124
NET INCREASE (DECREASE)	(114,498)	(30,559)	8,512,758	1,388,329	9,756,030	2,508,063	103,186	7,915,179	1,141,753	11,668,181
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS										
Beginning of year	34,834,216	45,399,352	7,915,179	1,141,753	89,290,500	32,326,153	45,296,166	-	-	77,622,319
END OF YEAR	$ 34,719,718	$ 45,368,793	$ 16,427,937	$ 2,530,082	$ 99,046,530	$ 34,834,216	$ 45,399,352	$ 7,915,179	$ 1,141,753	$ 89,290,500

See accompanying notes.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA). These financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* and related standards.

Basis of Accounting:

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest and dividend income is recognized when earned.

Method Used to Value Investments:

Investments are reported at fair value, based on quoted market prices, short-term investments are reported at cost and insurance contracts at contract value, which approximates fair value.

Memorandum Only Column:

The total columns on the Statement of Plan Net Assets and Statement of Changes in Plan Net Assets are captioned memorandum only to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Tax Status:

Both the retirement and 401(a) savings plan have obtained favorable determination letters. Although those Plans have been subsequently amended, it is believed that they are being operated in compliance with the applicable requirements of the Internal Revenue Code. The 403(b) and 457(b) are proto type plans that have been designed to meet the requirements of the Internal Revenue Code.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION:

The East Jefferson General Hospital Retirement Plan and Savings Plan Committee is the administrator of a single employer defined benefit retirement plan and hospital sponsored defined contribution savings plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (Hospital).

DEFINED BENEFIT RETIREMENT PLAN:

All full-time employees hired or re-hired prior to January 1, 2005 who are at least age 21 with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after 5 years of credited service. Employees who retire at, or after, age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, unless the present value amount is under $8,500. In these instances, the employer has the option to distribute benefits to the employee in a lump sum payment. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Plan. In January 2005, a resolution was adopted to freeze the defined benefit plan effective April 1, 2005. Non-vested employees hired prior to January 1, 2005 will continue to vest in the plan, pending continual employment through the vesting date.

Membership in the Plan as of the last actuarial valuation consists of:

	1/1/06	1/1/05
Retirees and beneficiaries receiving benefits	492	467
Terminated employees entitled to benefits but not yet receiving them	1,186	1,437
Active employees	1,716	1,975
TOTAL PARTICIPANTS	3,394	3,879

Pension Benefits:

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after 1988, benefits accrued under a new formula. Under the formula benefits accrued at .75% of participant's annual pay up to a designated "breakpoint" and .5% of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the Plan as of that date.

After five credited years of employment with the Hospital (counting all prior service), the pension benefit will be fully vested. Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms - life annuity, joint and survivor annuity, and ten year certain and life annuity.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED BENEFIT RETIREMENT PLAN: (Continued)

Death Benefits:

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

Contributions:

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially determined recommended contribution for the plan year ending December 31, 2006 is shown below compared to the actual contribution made based on the prior valuation for 2005.

	January 1, 2006 for 2006	January 1, 2005 for 2005
ANNUAL CONTRIBUTION:		
As a dollar amount	$ 1,484,628	$ 1,444,309
As a percent of payroll	2.1%	1.6%
Participant payroll	69,325,248	88,164,146

Plan Amendments:

During 2004, the Plan was amended to revise the participation eligibility requirements to exclude participants hired or rehired subsequent to January 1, 2005. In January 2005, the Plan was amended to freeze the Plan effective April 1, 2005. With continued employment, participants having less than five years of services as of the freeze date will be allowed to vest.

DEFINED CONTRIBUTION SAVINGS PLAN:

The Savings Plan includes a 401(a) plan that was frozen to new participants effective December 31, 2003. The Savings Plan also includes a 403(b) plan and a 457(b) plan that were established effective January 1, 2004. The 401(a) plan covered all full-time employees who have been employed for a twelve-month period during which at least one thousand hours of service are

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN: (Continued)

completed and who are at least twenty-one years of age. With the exception of leased employees, all employees at least 21 years of age are eligible to make elective deferrals under the 403(b) plan. All full and part time employees are eligible for employer contributions under the 403(b) plan after attaining age twenty-one and completing one month of employment. All employees who are at least 18 years of age are eligible to participate in the 457(b) Plan.

Contributions:

The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in .5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. Matching employer contributions are made at a rate equal to 100% of the elective deferral of each employee up to 2%. Effective in 2006, the Plan was amended to change the Hospital's funding to an annual basis, from pay period, and allows for confirmation of an employee's eligibility.

The 457(b) plan allows employee elective deferrals up to the annual limits allowed by the IRS. No employer contributions are made to this plan.

Participants' Accounts:

Participants in the Savings Plans have separate accounts for each of the Plans. Each participant's account is credited with the Hospital's contribution, if applicable, and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's eligible annual compensation as specified in the plan document.

Vesting:

The participant is one hundred percent vested in Hospital contributions after the completion of five credited years of vesting service and upon death, disability or termination of the Plan. Vesting status is not pro-rated. For this purpose, participants earn one year of vesting service for each year in which they work one thousand hours or more. Any contributions made by participants for the Plan, and earnings on that contribution, are one hundred percent vested to the participants when made.

Withdrawals and Distributions:

Participants are allowed to withdraw their own contributions from the 401(a) plan. Hospital contributions may not be withdrawn. Withdrawals are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during that six months the participant is ineligible to receive the Hospital's matching contributions.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION: (Continued)

DEFINED CONTRIBUTION SAVINGS PLAN: (Continued)

Withdrawals and Distributions: (Continued)

Only hardship withdrawals are allowed for the 403(b) and 457(b) plans. AIG Valic determines if a participant is eligible for a hardship withdrawal based on IRS Section 457(d)(1)(A)(iii) of the Code.

Loans are not permitted under the terms of the Plan.

With the implementation of the Katrina Emergency Tax Relief Act of 2005 (KETRA), employees are allowed withdrawals of their own contributions without the 10% early withdrawal penalty.

Although the Hospital does not allow loans, KETRA provides for these funds to be "re-contributed" to an eligible retirement plan at any time within the next three years.

Upon termination of employment for resignation, dismissal, retirement or death, the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings may be distributed to the participant or his/her designated beneficiary. In addition, the employee may remain in the Plan, request a rollover distribution, or a distribution in the form of a lump sum or annuity provided by the investment advisor.

Forfeitures:

Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his account.

Plan Amendments:

During 2005, the Savings Plans were amended to give the Hospital discretion as to whether basic or match contributions in the 403(b) plan will be made when the Disaster Pay Policy is in effect. The Savings Plans were also amended to reduce the mandatory distributions to a threshold of $1,000 which was previously set at $5,000.

3. ACTUARIAL COST METHOD:

The Traditional Unit Credit Cost Method was used to calculate the funding requirements for the defined benefit retirement plan for the years ended December 31, 2005 and 2004. Under this cost method, the normal cost of active participants under normal retirement age is equal to the actuarial present value of the benefit expected to accrue during the next year, taking into account pension, termination, death, and disability benefits. The normal cost for the plan is the total of the individually computed normal cost for all participants.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, and turnover which are assumed to hold for many years into the future.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

4. REQUIRED SUPPLEMENTARY SCHEDULES:

Information in the required supplemental schedules is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits and is presented on pages 18-20.

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Plan's cash equivalents and investments at December 31, 2005 and 2004.

	Defined Benefit Retirement Plan	Savings Plans	Total
2005:			
Cash equivalents	$ 2,603,985	$ --	$ 2,603,985
Investments	32,001,032	64,037,303	96,038,335
	$ 34,605,017	$ 64,037,303	$ 98,642,320
2004:			
Cash equivalents	$ 3,557,988	$ --	$ 3,557,988
Investments	31,152,403	54,789,851	85,942,254
	$ 34,710,391	$ 54,789,851	$ 89,500,242

Cash Equivalents:

The Plan's cash equivalents totaling $2,603,985 and $3,557,988 at December 31, 2005 and 2004, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Plan's custodian's trust department.

Investments:

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2005 and 2004, the Retirement Plan's investments were held by J P Morgan formerly Bank One. The Savings Plan's investments are held by AIG Federal Savings Bank.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments: (Continued)

The Plan's investments for 2004 are categorized below to give an indication of the level of risk assumed by the entity at year-end, that is, the risk associated with the exposure to a potential loss from unauthorized transfer of a financial instrument. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Plan's name.

2004

	Defined Benefit Retirement Plan	Savings Plans	Total	Category
U.S. Government and Agency Issues	$ 5,879,408	$ --	$ 5,879,408	1
Corporate bonds	5,998,441	--	5,998,441	1
Equities	19,274,554	--	19,274,554	1
AIG Valic	--	54,789,851	54,789,851	N/A
	$ 31,152,403	$ 54,789,851	$ 85,942,254	

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. At June 30, 2005 and 2004, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Plan's investments in long-term debt securities as of June 30, 2005. (U. S. Government and Agency obligations totaling $6,170,111 are not rated.) Below is a schedule of other bonds with their applicable ratings.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

Investment Type	Fair Value	Government (Not Rated)	Corporate
AAA	$ 2,394,786	$ --	$ 2,394,786
AA	46,239	--	46,239
AA-	223,786	--	223,786
A+	406,476	--	406,476
A	954,673	--	954,673
A-	252,841	--	252,841
BBB+	475,525	--	475,525
BBB	580,842	--	580,842
BBB-	164,318		164,318
Not Rated	6,550,598	6,170,111	380,487
	$ 12,050,084	$ 6,170,111	$ 5,879,973

The Plan's investment policy regarding credit risk states that all fixed income securities shall carry an investment grade rating of BBB or higher.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan holds its cash equivalents in a nominee name in the amount of $2,603,985. The Plan has assets in the amount of $95,622,756 which are not held in a nominee name or in the name of the Plan and therefore exposed to custodial credit risk. These assets are held in JP Morgan & Valic custodial accounts.

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of June 30, 2005, the Plan had the following investments in long-term debt securities and maturities:

Investment Type	Fair Value	Less than 1	1 – 5	6 – 10	Greater than 10
U.S. Government and Government Agency Obligations	$ 6,170,111	$ --	$ 4,585,258	$ 1,584,853	$ --
Other Bonds:					
Corporate	5,879,973	--	1,609,450	2,593,641	--
Asset-Backed	--	--	--	--	1,676,882
	$ 12,050,084	$ --	$ 6,194,708	$ 4,178,494	$ 1,676,882

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

The Plan has no formal investment policy regarding interest rate risk.

The Plan invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

6. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

7. SAVINGS PLAN FUNDS:

During the year ended December 31, 2004 agreements with AIG Valic were obtained for each of the plans included in the Savings Plan. The hospital invests each participant's deferred compensation as directed by the employee. The investments are generally mutual funds; however, the plan documents provide for other types of investments. The responsibility for the selection of the investment alternatives has been retained by the Hospital.

The funds are included in the financial statements at December 31, 2005 and 2004 at fair market value.

8. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Hospital has the right under the Plan to discontinue its contributions at any time and to terminate the Plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
DECEMBER 31, 2000 THROUGH 2005

YEAR ENDED DECEMBER 31	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED
2000	$1,900,982	100%
2001	2,160,517	100
2002	2,776,099	100
2003	3,476,412	100
2004	2,953,227	100
2005	1,444,309	100

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2000 THROUGH 2005

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/01	$ 30,032,095	$ 32,007,040	$ 1,974,945	93.8 %	$ 84,500,582	2.4 %
01/01/02	29,076,165	35,830,842	6,754,677	81.1	90,473,690	7.5
01/01/03	26,259,440	44,129,053	17,869,613	59.5	82,385,934	21.7
01/01/04	32,338,261	46,598,037	14,259,776	69.4	80,774,461	17.7
01/01/05	34,833,733	50,355,490	15,521,757	69.2	88,164,146	17.6
01/01/06	34,719,918	50,674,981	15,955,063	68.5	69,325,248	23.0

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLAN
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
NOTES TO SCHEDULE OF CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2005

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2006
Actuarial Cost Method	Traditional Unit Credit
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	8.50% per annum
Amortization Method	Level Dollar
Amortization Period	29 years Remaining (Open Basis)
Salary Increase Rate	- 0 -

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.

ANN M. HARGES, C.P.A.
ROBIN A. STROHMEYER, C.P.A.

KENNETH J. BROOKS, C.P.A., ASSOCIATE

A.J. DUPLANTIER JR, C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR, C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR. C.P.A.
(1920-1996)
JAMES MAHER, JR, C.P.A.
(1921-1999)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS FOR THE YEAR ENDED DECEMBER 31, 2005

February 10, 2006

To the Finance Committee
East Jefferson General Hospital
Retirement and Savings Plan
Metairie, Louisiana

We have audited the financial statements of the East Jefferson General Hospital, Retirement and Savings Plan, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Finance Committee, management, and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP